

United States Senate
Committee on Finance



Sen. Chuck Grassley • Iowa
Ranking Member

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Grassley Asks President for Clarification of NAFTA Intentions

WASHINGTON – Sen. Chuck Grassley today asked President Obama to clarify his intentions regarding the North American Free Trade Agreement (NAFTA). Grassley wrote to follow up on the President's written trade agenda released this week. The document said the President will work with Mexico and Canada to identify ways in which the NAFTA could be improved without having an adverse effect on trade.

"NAFTA leveled the playing field on Mexican tariffs on U.S. products," Grassley said. "I don't want that progress unwound to the detriment of U.S. farmers and manufacturers. They need strong export markets for jobs and growth."

The text of Grassley's letter to the President follows here. The President's trade policy agenda is at <http://ustr.gov>.

March 5, 2009

The Honorable Barack H. Obama
President of the United States
The White House
1600 Pennsylvania Avenue, N.W.
Washington, D.C. 20500

Dear President Obama:

I am writing with regard to the North American Free Trade Agreement.

As a presidential candidate, you are reported to have described this trade agreement as “devastating” and a “big mistake.” You also stated that you would “make sure that we renegotiate” the North American Free Trade Agreement and that “we should use the hammer of a potential opt-out as leverage” to pressure Mexico and Canada to make changes to this trade agreement.

Yet, in your recently released Trade Policy Agenda, you state that your Administration will work with Mexico and Canada to identify ways in which the North American Free Trade Agreement could be improved without having an adverse effect on trade.

I disagree with the idea of renegotiating the North American Free Trade Agreement. Prior to the implementation of this trade agreement, tariffs imposed by Mexico were significantly higher on average than the comparable tariffs that we imposed on imports from Mexico. The North American Free Trade Agreement leveled the playing field by reducing Mexico’s tariffs on our exports and creating significant new market access opportunities for U.S. exporters.

I question how this agreement could be changed without having an adverse effect on trade. For example, I am concerned that if the trade agreement is reopened, Mexico will seek to rebalance tariff concessions in a way that will adversely affect agricultural exports from Iowa. More broadly, I am concerned that the signals you are sending with respect to the North American Free Trade Agreement are creating uncertainty in the marketplace. We can ill-afford such uncertainty as we work to recover from our national economic downturn.

I ask that you clarify your intentions. What specific problem(s) do you seek to address in reopening the North American Free Trade Agreement? I also ask you to confirm that, if this trade agreement is reopened, you will not agree to any increases in, or reinstatements of, tariffs on U.S. agricultural products under this trade agreement.

Thank you for your attention to my concerns. I look forward to your response, and to working with you in promoting a pro-growth trade agenda for the United States.

Sincerely,

Charles E. Grassley
Ranking Member

CC: The Honorable Peter Allgeier
Acting U.S. Trade Representative